



INSURANCE COMPANIES

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To Whom It May Concern:

As a commercial bond underwriter I have been asked again to address the Montana legislation regarding grain or commodity dealers having to post a large bond per location. HB 344 will increase the bond penalty from 2% of purchases to 5% with a cap of \$1,000,000. As for the proposed \$1,000,000 bond penalty cap, a \$1,000,000 bond would be very difficult for most grain or commodity dealers to qualify for. At any amount we have to underwrite according to our guidelines; financial stability, stability in the community, years in business, agent's knowledge and relationship with the applicant.

For a grain or commodity dealer to qualify for a proposed possible \$1,000,000 bond we would expect that their net quick be at least that much and their net worth at least 5 times that amount. As for the proposed \$1,000,000 penalty cap on the bond, this amount is also over our local authority necessitating that we submit to our home office for approval. If an applicant doesn't meet these qualifications we do not submit it to our home office.

Should the applicant be close to meeting minimum underwriting requirements we could justify going to our home office for approval with a recommendation that 100% collateral be posted. As for the proposed cap of \$1,000,000, our chances of actually qualifying an applicant is very slim and should the same applicant require a separate bond on several locations or companies, we would not be able to help at all.

Sincerely

Jean Bluck

Senior Commercial Surety Underwriter